



## **“Overwhelming evidence” of dogmatic underconsumptionism**

***Bruce Wallace, January 2014***

### **Lynn: You’re a bunch of dogmatists**

Lynn Walsh’s reply to “the group of eleven” A reply to ‘What is the cause of the current capitalist crisis?’ (2012) appeared in print in an internal member’s bulletin in November. The eleven produced a reply fairly quickly. That reply has languished somewhere in the London offices of the Socialist Party for nearly two months without seeing the light of day. The justification for not publishing was that the reply was on the economic content of Lynn’s document and that the Marxist ‘method’ didn’t separate political from economic arguments (???). Dire warnings have been issued that the content of these discussions are not to be leaked to the outside world via social media. I’m not surprised because the content of Lynn Walsh’s reply, while very well written, is full of errors and serious political and logical flaws.



One specific error is in relation to the evidence provided by Lynn to back up his argument that capitalist profitability was restored because he doesn’t really provide any! The core of Lynn’s argument is that the neoliberals significantly restored the rate of capitalist profit during the 1980’s and 1990’s specifically in the USA.

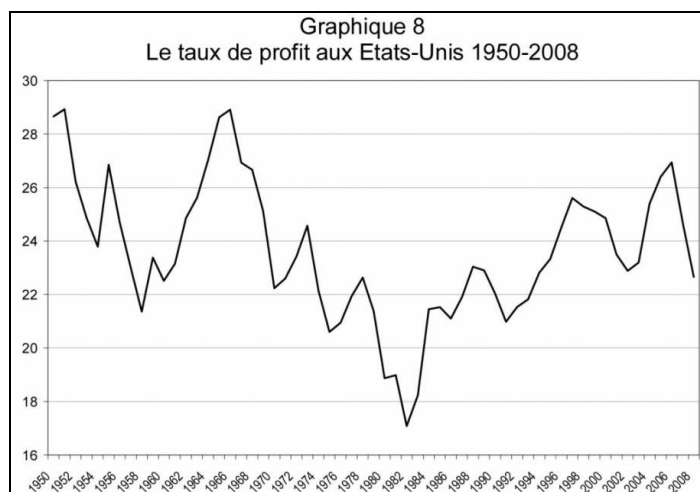
Lynn refers to the evidence of a graph from Michel Husson already published stating ‘[There] is no point in repeating our comments on the rate of profit statistics given in [our previous document](#)’ and points to the chart provided by ‘[Michel Husson] in his paper, La Hausse Tendencielle du Taux de Profit (The Tendential Rise of the Rate of Profit, January 2010). [See: The Causes of Capitalist Crisis: A Reply to Andrew Kliman, paragraphs 35-46.]’

This is an age old research ruse. You refer to the dodgy data from another paper or document as if it were unassailable fact so it can’t be directly challenged and as most readers won’t have nerd research specs on they just take it for granted as proof and read on regardless. In economics, as in magic, the oldest tricks are the best.

### **Husson: Lynn’s economist General**

Alright I will repeat some comments about Husson’s data which is again referred to later by Lynn in his document as constituting “overwhelming evidence” because we stated that Husson’s data was much criticised. Just how criticised has come to light. Here is Husson’s graph used to show a major restoration of the rate of profit under the neoliberals:





### Harman: Not all Marxism is dogmatism

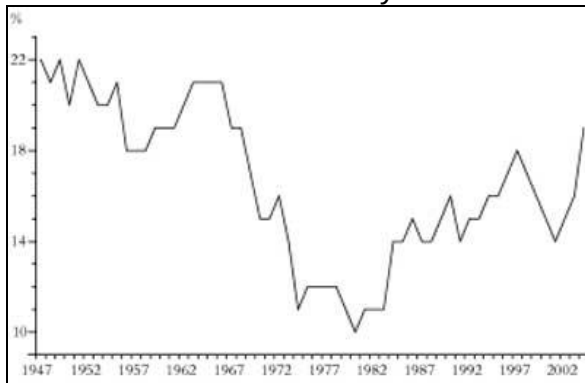
In 2010 the now late Chris Harman published an article [\*Not all Marxism is dogmatism: a reply to Michel Husson\*](#) which was his last publication. I don't share Harman's political views but he was an economist and anything he wrote must be judged on its merits. In the article Harman pointed out that Husson had criticised him and others in the most strident terms: "[The] crisis has given rise in recent months to a series of contributions characterised by a counterproductive and discouraging dogmatism ... What these contributions have in common are references to the orthodox interpretation of the law of the tendency of the rate of profit to fall." Sounds familiar doesn't it as it could be lifted almost word for word from Lynn's latest effort. Harman drew attention to the following economists who found entirely different results to Husson:



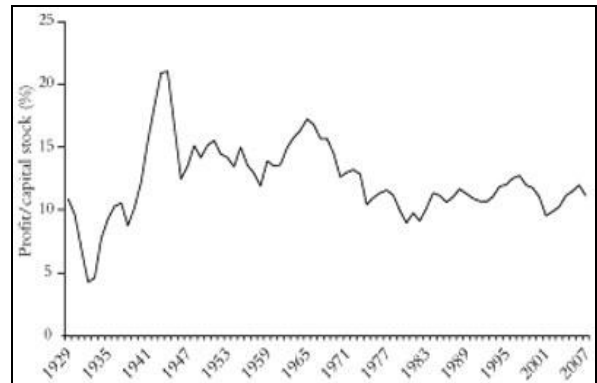
"[By] contrast Robert Brenner, Fred Moseley, Simon Mohun, Alan Freeman and Andrew Kliman have all provided figures which, although differing to some degree with each other, show a pattern which is very different from the one Michel Husson portrays. On the one hand they show a bigger decline up to 1982 than does Husson; on the other they show the recovery since to have been much more limited than Husson suggests, and not even reaching, let alone going 30 percent beyond, the figure for the late 1960s."

Ok let's have a look at the results of these other economists:

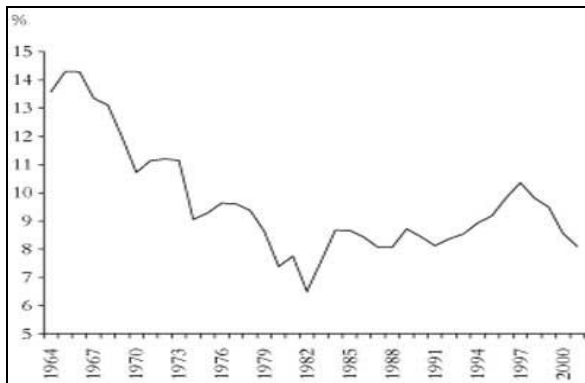
Fred Moseley



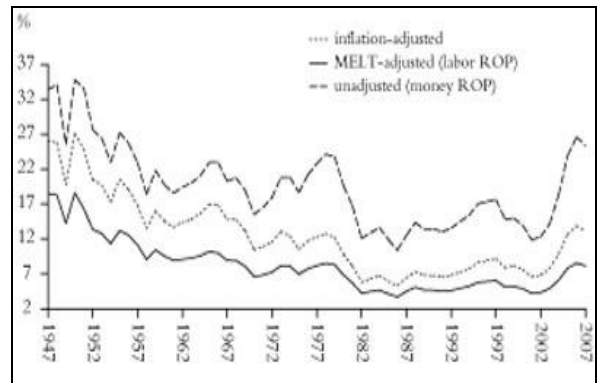
Robert Brenner



Simon Mohun



Andrew Kliman

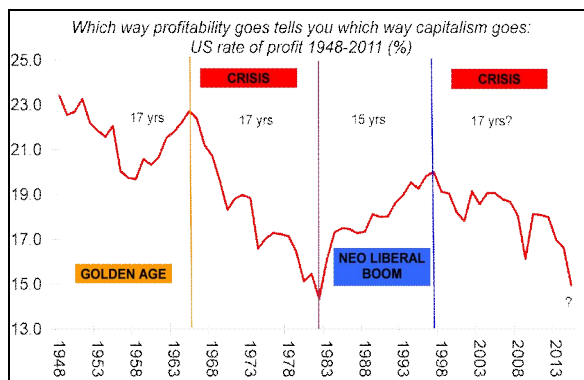


Alan Freeman

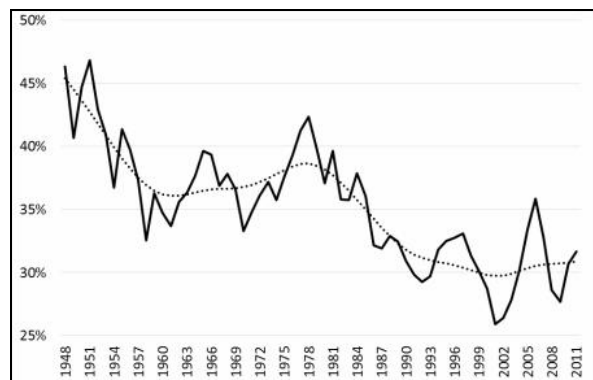


I should also add Michael Roberts calculations of the rate of US profit and the latest research of Peter Jones in Australia:

Michael Roberts



Peter Jones



So what can we say? Husson's "overwhelming evidence" has been comprehensively contradicted by almost everybody else. He has in fact been contradicted here by seven to one. This would suggest that Lynn Walsh, who disregarded, or didn't bother to check all the sources we provided, is a dogmatist himself!! Harman, who died suddenly at an SWP event, did make a very important point about Husson:

"[It] is not only Husson's figures that are questionable so is his attempt to explain them in Marxist terms. He writes of Marx's "tendency of the rate of profit to fall": *There is no a priori reason to think that the tendency systematically overcomes the counter-tendency. The productivity of labour is able to compensate, in a perfectly symmetrical manner, for rises in real wages and the increase in physical capital.*

The accumulation of means of production does not have to mean, he insists, an increase in the organic composition of capital: *The increase in the productivity of labour permits a reduction in the costs of machines. And this counter-tendency can compensate for the increase in the number of machines so that the evolution of the organic composition is indeterminate.*

Under such circumstances an increase in the rate of exploitation of each worker can lead to a rising rate of profit. And this, he argues from his figures, is what has been happening over the last quarter of a century: *The numerator and denominator of the rate of profit can remain constant, and, consequently, the rate of profit.*

There is, however, an important gap in his reasoning. He ignores an important point which has been made by various Marxists in controversies over the rate of profit in the last 40 years. The controversy was aroused by the theorem of the Japanese Marxist Okishio who argued that because capitalists would not introduce new technology unless it raised the rate of profit, rising capital investment could not reduce the rate of profit. Its effect would, in fact, be to raise productivity and so reduce the cost of new investment producing a general rise in the rate of profit. The only thing that could then reduce profitability would be a fall in the rate of exploitation (i.e. a rise in the share of output going to workers)."

What this means in effect is that Husson actually rejects Marx's theory just like Andrew Glyn as being incorrect. How ironic that Lynn Walsh and Peter Taaffe should choose an economist who denies the operation of Marx's law to back up their arguments with his faulty data just like Andrew Glyn did in 1980! The funny thing is that they made this statement about Andrew Kliman and me in their Reply last year "our previous document" (above):

"Before dealing with Kliman's economic ideas, it is necessary to draw out the political implications of what he writes. He unapologetically shares a 'state capitalist' analysis with the Socialist Workers Party (SWP) in Britain, although he is not a member of their 'international', the International Socialist Tendency (IST). In fact, he dedicates his book to one of the SWP's theoreticians, the late Chris Harman, who shared his approach to the rate of profit issue. Bruce Wallace may try to pretend that this has no bearing on his economic analysis. But it is the experience of ourselves and many workers in Britain with the SWP and others who adhere to a state capitalist analysis of the former Soviet Union – it was a state capitalist regime not a degenerated workers' state, they argue – that it leads them to a mistaken approach on virtually all political questions both of an historical and contemporary character. (See our book ['Socialism and Left Unity'](#).) In his book, Kliman, when it comes to politics – as well as his economic analysis that we will deal with later – commits one blunder after another, particularly in the concluding chapters."

We must, if we are materialists, base our ideas on a Marxist analysis of the economic laws of motion of capitalism as laid down in *Capital*. However there is no automatic mechanism that leads from a correct economic analysis to a political one? The first is a necessary condition but is not on its own sufficient to underwrite a correct political position. It does not flow logically from the economic to the political.

I don't agree with state capitalism and on this I differ with both Harman and Kliman but they are definitely more correct on the economics even if their political conclusions can be entirely different from mine.

In the case of Michel Husson however, even if he disagrees with the concept of state capitalism, he doesn't start with a proper grasp of Marx's laws of motion. In fact he disagrees with Marx on the fundamentals. Therefore it is highly unlikely that he would draw satisfactory political conclusions and he doesn't.

Yes Lynn Walsh and Peter Taaffe make exactly the same mistake as Husson and they have become a strange variety of dogmatic Mandelite underconsumptionist!!